

due to frequent relocation and other factors.

I should point out that this measure will affect military retirees and their families as well. In addition, Mr. President, later this year all commissary operations will be consolidated into one defense commissary agency, and that agency in the process of being implemented opposes any change in the pricing structure at this time.

Mr. President, I cannot see any economically sound reason or significant benefit to support this amendment. At some point, as the proponent of this amendment has stated, I will make a motion to table.

I yield the floor.

Mr. McCONNELL. Mr. President, my senior colleague indicated his intent to make a motion to table after what I hope will be a rather brief debate. I shall not discuss this at length. Should, however, the motion to table not be successful, I will be prepared to speak at greater length on this most important issue.

Mr. President, let me begin this debate with a quote from Noble laureate James M. Buchanan:

Let those who would use the political process to impose their preferences on the behavior of others be wary of the threat to their own liberties. The liberties of some cannot be restricted without limiting the liberties of all.

This statement sums up the critical factor we must not lose sight of—the decision to use tobacco products is up to the individual. I have made a personal decision not to smoke, but I simply do not think it is acceptable for the Government or anyone else to impose unfair restrictions on those who do. This would be an infringement upon individual choice with which I simply cannot agree.

This amendment by the distinguished Senators from New Mexico and Oklahoma would be a direct infringement on the very people who protect this great Nation and the ideals upon which it was built. Our military personnel have just completed one of the most brilliantly executed campaigns in history. Are we now here to deny them the right to smoke a cigarette? Is this the way we reward our men and women in uniform, by taking away their rights as American citizens after they have fought a war to protect those rights for citizens of another nation? After all, the intention of this amendment is to stop our military personnel from smoking. Be it by increasing prices or prohibition, we always come back to the same issue of reducing smokers' rights.

There is not a legal product in this country which is subjected to more restrictions, more bans, higher taxes, and even prohibition in many cases. Earlier this year, our Government tried to ban smoking in all Federal buildings. Smoking was the easy target, but the fact is there are numerous contami-

nants in the air of buildings which are many times more harmful. However, tobacco was to take the fall. Nearly 3 million executive branch workers in the 6,800 General Services Administration controlled buildings would have been denied the right to smoke.

One of the alleged goals of this amendment is to "improve the productivity of members of the Armed Services." Research shows that there is no proven link between smoking and reduced productivity. In a survey of union representatives and business and government supervisors by the independent research firm Response Analysis Corp., 74 percent said smoking during work breaks has no significant effect on job performance. Antismoking activists argue that, overall, smokers are less productive than nonsmokers. But how do we define productivity and calculate what an "acceptable" level is for each American?

Another goal of this amendment is to "assist the Department of Defense in this effort to significantly reduce smoking rates in the military". In 1986, the tobacco issue was extensively studied by the Department of Defense. Cigarette smoking has declined among members of our Armed Forces. The Pentagon reported that cigarette smoking and other tobacco use dropped significantly during the decade of the 1980's. Cigarette use has declined from 51 percent in 1980 to less than 40 percent by the end of the decade. Less than 20 percent of those smoking use more than one pack a day.

So if the goal of this amendment is to discourage smoking, that is occurring already. In fact, tobacco use has declined at a more rapid rate than was projected. All this amendment would accomplish is taking money out of the pockets of our soldiers which could otherwise be spent on necessities.

As you can see this issue is not only an issue on individual rights but one of great economic importance. Over the past several years, tobacco products have commanded a smaller share of military family's commissary budget. Increasing the price of tobacco products in commissaries threatens the very existence of the institution because many customers patronize commissaries principally for tobacco purchases and would shop elsewhere for tobacco and other products if the price benefits were eliminated. The commissary is considered by the Department of Defense as an important quality of life benefit for military families. The men and women of the armed services are willing to lay down their lives for us at any given moment and we want to restrict one of the few luxuries they have. That is if you call being able to buy cigarettes for a few cents cheaper a luxury. I doubt if many in this Chamber would.

Not only are you hurting the individual, but you are placing added burdens

on the commissary itself. Military facilities by charter offer all consumer products at a savings over commercial prices. Selectively increasing the price on any legal product is an unfair taxation of service members and erodes the compensatory value of all resale benefits.

It is also an erosion of the commissary benefit; taking tobacco products out sets a precedent for removal of other commodities deemed unhealthy; and higher prices for tobacco products would not necessarily result in increased profits. Do we remove coffee and caffeinated beverages because there are studies which imply caffeine exacerbates hypertension. All products are currently treated equally regardless of commodity for pricing purposes. Use of a legal commodity should be anyone's personal decision and not congressionally determined.

Currently, the Department of Defense is consolidating its commissary services into one system, the Defense Commissary Agency. Lost revenues at these facilities could occur if there is a disruption to the commodity mix now available in the commissary stores. This amendment would increase the changes of a need for additional tax dollars to operate the system, thus defeating the purpose of the consolidation.

By law, commissaries are established to sell commodities to military personnel at the same cost all over the world. A box of cereal cost the same in Fort Knox, KY, as it does in a military mission in West Germany. This uniformity of pricing is created for a reason and this amendment is an erosion of benefits which threatens the survival of the system.

Even further it threatens the nonpay compensation the system is intended to provide for servicemen, women, and their families. Keep in mind the cigarettes are an extremely inelastic product among existing smokers and if people are forced to spend more of their disposable income, they do so at a cost to other goods and services.

The authors of the amendment presume that \$200 million would be raised by this increase. Raising prices is likely to reduce, not increase revenues. Because the exchanges are setup to sell goods at cost plus a 5-percent margin, any change at this point in time could disrupt profitability. Any revenues generated through sales are used to pay salaries of personnel and operations expenses, as well as to support morale, welfare and recreation activities on military installations throughout the world. These activities often include day care facilities, softball fields and sports equipment.

Military commissaries, exchanges, and ship's stores currently operate at no cost to the Government. Tampering with sales would lead to loss of revenues. Is Congress prepared to pay for

the operation of these stores and offer to cover the cost of these other benefits and services.

In the Air Force alone, tobacco products represent about 10 percent of commissary sales. Their prohibition would reduce commissary net income by between 25 and 37 percent. This impact results from three features.

First, the direct sales of tobacco products generate commissary income at a higher rate than other products. Tobacco products are particularly lucrative sources of income through coupon redemption fees and discounts for early payment of invoices. Tobacco manufacturers pay shelf allocation fees to the commissaries for shelf space. Altogether, the direct sale of tobacco products generated \$18.3 million in fiscal 1990, which was 12 percent of commissary net income.

Second, tobacco products generate a considerably larger sales volume per foot of shelf space or per square foot of commissary space than other products. They also entail considerably lower personnel and inventory costs. Part of the reason for this low personnel requirement is that the tobacco companies themselves bear many of the costs of ordering and stocking tobacco products. The frequent delivery of tobacco products to the commissaries lowers the inventory costs the commissaries must bear. In terms of sales within the continental United States during 1990, tobacco sales were 13 percent of grocery inventory conducted on December 31, 1990. Each dollar of tobacco inventory support \$26 of sales, whereas \$1 of grocery inventory support only \$17 of sales. Each dollar invested in tobacco inventory generated 158 percent as much sales volume as a dollar invested in grocery inventory.

Tobacco products are generally less expensive to sell than other products. Hence, an elimination of tobacco products would reduce costs by less than it would reduce sales. A nontobacco commissary would be around 10 percent more expensive to operate than percent commissaries. The higher cost would either translate directly into a requirement for additional operating funds, or would result in declines in quality of service as those cost increases were absorbed through reductions in commissary net income. Commissaries would lose business to civilian stores. Net income to commissaries would be reduced by between \$11.4 million and \$22.9 million which is between 7.5 percent and 15 percent of current levels.

Third, tobacco products are particularly attractive price wise because they are not subject to State and local excise taxes. There are shoppers who visit the commissary principally to buy tobacco products and who buy other products at the same time. Elimination of one of its greatest price bargains, will lead fewer people to the commissary, and sales of nontobacco prod-

ucts will decline as a byproduct. This kind of loss is between \$9 million and \$15 million of net commissary income. The elimination or increased price of tobacco products would damage strongly the economic basis of the Air Force's commissary system. This in turn undermines a good part of commissary benefits to smokers and non-smokers alike.

The Senators from New Mexico and Oklahoma, in their amendment, encourage the Department of Defense to use profits generated from tobacco sales to promote the health and fitness of members of the Armed Forces and their families. Once again, Congress is singling out one group to bear a greater burden of financing government programs that benefit all.

Now is not the time for military personnel who smoke to bear this burden. This is a time to celebrate the great achievements of the entire armed services. We appreciate their dedication and hard work. This is especially evident in how Americans responded during the recent Desert Shield/Desert Storm military action. People and business from all over the country packaged and shipped cookies, cakes, candy bars and many other well intentioned gifts. However, cigarettes were the only item which was rejected for delivery to our troops. The U.S. Marine Corps requested that cigarettes be included in their 30-day supply parcels, but DOD rejected this direct request. What is even more appalling is while our fighting forces were having difficulty obtaining cigarettes, particularly on the front lines, Iraqi prisoners were supplied cigarettes at U.S. taxpayer expense.

Cigarettes are, indeed, a controversial product, but they are legal in the United States and in every other country in the world. Too often, under the veil of protecting public health, antitobacco activists push their own personal views. Tobacco smoke has an odd way of obscuring the issues. Because tobacco smoke is visible and has an odor it becomes the likely culprit of many of our Nation's ills.

The antismoking forces portray smoking as a threat to everyone. They feel an obligation to protect smokers from themselves and make sure the smoker bears all of the cost of their behavior, actual and perceived. Such reasoning, as if you smoke you will die and if you are in a room with a person who smokes you too will die, is a disservice to the public. People have rights, smokers and nonsmokers alike, but as the quote I began with suggests, using the Government to control your neighbor's habits is a risky business.

In conclusion, let me reiterate that increasing the price of tobacco products in commissaries and exchanges threatens the very existence of these systems. The Department of Defense considers commissaries and exchanges

important quality of life benefits to military families. Any efforts to tamper with the fragile balance of product sales and pricing should be defeated.

Mr. President, this body has twice rejected these proposals in the past. The newly created Department of Defense Commissary Agency is also strongly opposed to any changes in commissary policy at this time.

I certainly hope that my colleagues, when the motion to table is made, will join the senior Senator from Kentucky and myself in tabling this most unfortunate proposal.

Mr. President, I yield the floor.

Mr. BOREN. Mr. President, once again my friend and colleague, Senator BINGAMAN, of New Mexico, and I have come before the Senate to offer our amendment to require the Department of Defense to change the pricing system for tobacco products in the military outlets and stop the present subsidy of smoking.

Before coming to the floor, I looked back through the files that I have on this subject, and, sadly, I found little has changed since Senator BINGAMAN first began this initiative to increase the cost of cigarettes to the prevailing price back in 1985. That year Dr. William Mayer, then Assistant Secretary of Defense for Health Affairs, prepared a policy directive to implement the report of the blue ribbon panel of health promotion. This report recognized that the greatest improvement for the health of military personnel would result from discouraging smoking. Part of his recommendation was to stop the subsidy of smoking by increasing the price of tobacco products on military installations.

Needless to say, that has yet to win approval from either the administration or the Congress. The excuse that the Department of Defense has been giving has been that its antismoking program has been succeeding. Yet in 1990, tobacco sales at military outlets topped \$700 million. Even more upsetting is that during Desert Storm the price of a carton of cigarettes cost \$14.14 at a 7-Eleven; \$13.50 at the Fort Myer post exchange, but only \$8.50 at military outposts in the gulf. I am told thousands of free cigarettes also made it into those areas using military transport.

The decision can be made to change this policy administratively by the Department of Defense. It has not done so. Congress should legislate this decision. The Veterans Administration made the decision to charge prevailing prices back in 1978. Fifty VA facilities have either banned or are awaiting approval to ban the sale of tobacco products at those installations.

In 1990, the Coast Guard prohibited smoking in all seagoing craft, in all buildings, aircraft, and vehicles. The Coast Guard has been amazed at how well it has been accepted and believes